

March 27, 2017
SMBC Nikko Securities Inc.

**Summary of the Announcement by President Shimizu
at the Spring 2017 Meeting of Department Heads and Branch Managers**

First, let me address my deep appreciation to you all for your hard work and dedication.

Looking back at this fiscal year, although we had a difficult time for the first half with stock prices hovering around at a lower-than-expected range from the start, we were able to recover for the second half, with the market regaining momentum from the U.S. presidential election. Yet I think every division/branch was left with the feeling that there is so much more to be accomplished.

Now, let me briefly talk about our new Medium-term Management Plan (MTMP) that will commence from the next fiscal year. Our vision is to become the leading full-line Japanese securities company that provides clients with high quality services on a global basis. We will stick firmly to this until we accomplish it. In order to achieve this vision, the theme of the next MTMP is to reach a position in the industry by FY2019, where we can aim to become #1 in Japan in terms of business base, revenue, and profits.

For the next 3 years of the MTMP, while continuing our commitment to client-oriented operations, we have to move forward to the next stage where we grow not only in revenue, but equally focus on profit. Sales will strengthen its initiatives toward total asset management type of business that generates recurring revenue, Wholesale will strengthen collaboration among the bank, securities and trust bank within the group, Products will reinforce human resources and infrastructures, and International Business will expand non Japan-related businesses and enhance structure, including governance.

Next January, we will merge with SMBC Friend Securities to further strengthen the securities business and improve our competitiveness as SMFG. To facilitate smoother integration, 126 young staff from SMBC Friend have already started to work with us at branches throughout Japan, and approximately 100 more SMBC Friend staff will also join us as new graduates in April. I hope all of you warmly welcome them, making no difference between SMBC Nikko and SMBC Friend staff.

We shall work together as one team to accomplish our goals of the next MTMP under our client-oriented principles.

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